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# AGRICULTURAL COOPERATION

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## BURLEY ASSOCIATION PAYING FOR ITS WAREHOUSES

In its four years of operation the Burley Tobacco Growers' Cooperative Association, Hopkinsville, Ky., has received 733,000,000 pounds of tobacco. When this is all sold it is estimated that besides the cash payments to members, the association will have paid over \$4,000,000 in cash for receiving plants, leaving only a little more than \$2,000,000 still to be paid on them. All payments on these tobacco warehouse properties have been met as they matured, and it is expected that they will be fully paid for and belong to the tobacco growers within the term of the contracts. The further statement is made that additions to the amount of several hundred thousand dollars have been made to these warehouses and that they are in better physical condition than when the association took possession.

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## TOBACCO RECEIPTS AND SALES BY TRI-STATE GROWERS

At the annual meeting of the membership of the Tobacco Growers' Cooperative Association, held at Raleigh, May 19, the general manager of the organization made a detailed report regarding quantities of tobacco received and sold. Total receipts of tobacco of the 1923 crop amounted to 180,137,952 pounds, and receipts of the 1924 crop to 103,813,262 pounds. During the 1924-25 business year sales amounted to approximately \$17,000,000. At the close of the last business year the association had on hand 12,000,000 pounds of tobacco which was inventoried at over \$17,000,000. According to an estimate made by the manager the cost of handling the 1924 crop by the association will be approximately \$1.30 per hundred pounds.

Announcement was made at the meeting that beginning with July 1, the association would make quarterly statements of the stocks of tobacco on hand, in order that the members might be kept informed of the exact state of affairs. A quarterly statement of his account will also be made to each member, and quarterly payments will be made on all grades of tobacco that have been entirely sold out. Having regular times for payments and statements is expected to effect economies and greatly relieve the office of the treasurer.

TENNESSEE COTTON ASSOCIATION TO CLOSE BOOKS OCTOBER FIRST

According to a recent decision of the board of directors of the Tennessee Cotton Growers' Association, Memphis, the membership rolls will be closed on October 1, 1925, and no new members will be received during the delivery season.

In order that the officials of the association may meet the membership, several of the officials are holding a meeting in each cotton-growing county of the state during June and July. These meetings are informal, without set speeches, and members are urged to ask questions regarding any of the operations of the association upon which they desire information

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PIMACOTTON COMPLETES ITS FOURTH YEAR

During the four years that it has been operating, the Arizona Pimacotton Growers, Phoenix, has received from its members, 38,650 bales of cotton which have been sold for over \$5,800,000. The figures for the four seasons are as follows:

Pool Season	: :	Number of Bales Received: From Growers	: :	Sales (less Allowance, Rejections and Freight on Outbound Shipments)
1921-22	:	10,700	:	\$1,789,912
1922-23	:	10,249	:	1,368,578
1923-24	:	7,950	:	1,352,772
1924-25	:	9,751	:	1,333,463

(See Agricultural Cooperation for May 11, 1925, p. 207)

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SAVINGS IN INSURANCE PREMIUMS BY STAPLE COTTON ASSOCIATION

Auditors employed by the Staple Cotton Cooperative Association, Greenwood, Miss., to examine the insurance accounts, have issued a report indicating that considerable savings have been effected for the growers because of the efficient manner in which the association has handled the matter of insurance. The auditors estimate that the association saved its members over \$380,000 in the matter of premiums for insurance carried on baled cotton on gin platforms and in yards during the four seasons the association has been operating. The auditors point out that the action of the association in deciding to handle cotton stored only in warehouses bonded under the Federal Warehouse Act resulted in bringing practically all the warehouses under Federal supervision with a reduction of 23% in insurance rates. It is estimated that the saving to all growers in the Delta section in premiums on the insurance carried on the cotton passing through these warehouses amounts to nearly \$300,000 a year.

FRUIT AND VEGETABLE GROWERS MEET IN LOUISVILLE

Reports presented at the second annual meeting of the Federated Fruit and Vegetable Growers, Inc., held at Louisville, Ky., May 28 and 29, show operating receipts of \$787,074 for the calendar year of 1924, and operating expenses of \$762,902. Operating income was \$24,171. During the year the revolving fund was increased by \$68,402. This is a fund to provide working capital. It is accumulated by a charge of \$2.50 a car on all cars of produce handled by the association. When the fund becomes large enough to furnish needed working capital it is proposed to return the amounts collected during the different years in the order in which they were collected. Under this plan each active member of the organization furnishes working capital to the extent that it uses the services of the organization.

The admission of three new members to the association was announced. These were the Apple Growers' Association, Hood River, Oregon; the Wilmington Cooperative Truck Growers' Association of North Carolina; and the Ontario Turnip Growers' Cooperative, Ltd., of Canada.

The Federated Fruit and Vegetable Growers, Inc., was organized September 23, 1922, and began operating January 1, 1923. The first year it handled 23,510 carlots of fruits and vegetables, and the second year, 34,104 carlots. (See Agricultural Cooperation, June 8, 1925, p. 237.)

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WAREHOUSING CORPORATION FORMED FOR POTATO GROWERS

At a recent meeting the trustees of the Colorado Potato Growers' Exchange, Denver, Colo., voted unanimously to organize a statewide, subsidiary warehousing corporation. The Colorado Potato Warehousing Corporation has now been incorporated with a capital stock of \$250,000 and warehouses will be erected, leased or purchased at points where the tonnage of potatoes would justify such action. Preference will be given to leasing properties which are adequate and may be secured at reasonable cost. Material for building a warehouse is already on the ground at one point. A 2 per cent reserve from the grower-members will partially finance the operations. Arrangements for the remainder of the funds needed have been made by the executive committee.

The financial operations of the year were reported as "among the least of our troubles." Beginning the year with about \$50,000 in the reserve fund, the association secured a temporary loan from the bank, and paid for bags to the amount of \$145,000 as the bills came due, financed seed purchases to the amount of \$25,000, made liberal advances on all potatoes delivered, and made final settlement within 30 days on all pools except two for which returns were not received promptly. The total amount of interest paid on money borrowed was \$342 and, as interest earned amounted to \$704, the net sum was \$228. The exchange is free from debt and the reserve fund stands at \$100,000. It is proposed that at the end of the third year payments to members of the reserve accumulation be started and that such payments be made annually.



CRANBERRY EXCHANGE SPENDS MONEY FOR ADVERTISING

During the first half of its eighteen years of existence, the American Cranberry Exchange, New York City, spent no money for advertising and during the second half, it has expended over \$800,000. The management of the exchange believes that the expenditure has been helpful in increasing the demand for cranberries, as the average selling price of all cranberries sold by the exchange during the first nine years was \$6.10 a barrel and the average selling price for the last nine years ending with the crop of 1924 was \$9.32 per barrel. The highest average price during the first nine years was \$7.85 for the crop of 1908, and the highest average price for the last nine years was \$13.54 for the crop of 1921. However, much of the difference in prices for the two periods is accounted for by the difference in general price level.

Expenditures for advertising in connection with the 1924 crop were \$23,972, including a deficit from the previous year.

Figures are available showing the number of barrels handled by the exchange, the average f.o.b. price for exchange shipments, and the per cent of the total crop which was handled through the exchange, for all the crop years since 1914 except the 1915. These figures are as follows:

Year	: Barrels Handled :		Average f.o.b.:		Per cent Total
	Number	a/ Index:	price b/		Crop Handled
1914	: 339,732	: 100	: \$3.97	:	53.0
1916	: 273,476	: 82	: 6.30	:	51.2
1917	: 154,812	: 45	: 10.40	:	56.0
1918	: 209,666	: 62	: 8.39	:	59.6
1919	: 331,032	: 97	: 7.86	:	59.5
1920	: 282,473	: 83	: 10.33	:	64.0
1921	: 244,771	: 72	: 13.54	:	66.0
1922	: 373,515	: 110	: 10.33	:	66.0
1923	: 390,976	: 115	: 7.95	:	62.5
1924	: 360,383	: 106	: 9.96	:	65.2

a/ Barrels shipped to April 1.

b/ Average f.o.b. price for all shipments through the exchange.

Figures are also available regarding sales and expenses since 1919. They are as follows:

Year	Sales	Expenses	Per cent Expenses of Sales
1919	: -----	: -----	: 4.7
1920	: \$2,971,787	: \$130,462	: 4.4
1921	: 3,524,660	: 136,633	: 4.1
1922	: 3,858,196	: 169,173	: 4.4
1923	: 3,058,537	: 134,729	: 5.1
1924	: a/ 3,627,241	: 165,784	: 4.6

a/ Including sale of 7,712 barrels carried over from the 1923 crop.

FARMERS' COOPERATIVE ELEVATORS IN ILLINOIS

An analysis of the audits of 38 farmer-owned cooperative grain elevators in Illinois gives information which is helpful in determining the efficiency of this type of cooperative enterprise. The audits, which cover the year 1924, were made by the Illinois Agricultural Cooperatives Association, Chicago, an organization for furnishing auditing and business management service on a cooperative basis to cooperative associations. The elevators included by the auditors in the analysis are representative organizations for the cooperative handling of grain and the purchasing of supplies for farmers. They are located in four different sections of the state which are designated as the Chicago, Springfield, Galesburg and Effingham districts.

The analysis is based upon figures taken from the balance sheets and the income-and-expense statements after auditing. Balance-sheet information from 38 organizations was used in the analysis and income-and-expense information from 31 organizations. In preparing the material for publication, the management of the Illinois Agricultural Cooperatives Association had in mind the setting up of "averages based upon a large volume of business and spread over the operations of a number of farmers' elevators located in the various sections of the state," such averages, and percentages derived from the same, to be available as a basis of comparison for those interested in the improvement of the financial condition of country elevators and in a reduction in the cost of operating such business enterprises.

The figures included in the analysis indicate that the 38 elevators had capital stock outstanding in 1924 to the amount of \$283,020, that the elevator with the smallest amount of capital stock had but \$5,750, while the highest capitalized elevator had stock outstanding to the amount of \$102,995. Twenty of the associations were capitalized at less than \$20,000 and 32 associations at less than \$40,000.

The par value of the shares of stock was \$100 for 29 associations, \$50 for 7, and \$25 for 2. The book value of the shares of 27 associations was above par. In the case of 11 associations the figures indicated that the shares were not worth par and in 4 cases the value of the shares was negative, indicating that not only had the total capital stock been wiped out by the business operations, but that there were still debts to be met. Total net worth for the 34 associations having net worth, amounted to \$940,120, an average of \$27,800. The net worth for 11 associations amounted to less than the outstanding capital stock. One association had a net worth of \$113,000, another had a net worth of \$20,000, a third, \$59,000 and a fourth, \$57,000.

Fixed assets for the 32 associations totaled \$759,430. This is an average per association of approximately \$23,000. The amounts credited to the associations with the larger investments were: \$50,000; \$45,500; \$43,500; and \$41,200.

Working capital (excess of current assets over current liabilities) amounted to \$335,879 for the 26 associations with working capital, or an average of about \$14,300 per association.

Figures regarding income and expenses are given for 31 elevators. These associations had sales amounting to \$6,466,760. Eighty-six per cent of the total came from the sale of grain and the remainder from merchandise sales. Grain sales for 9 associations were under \$100,000 per association, for 8 associations between \$100,000 and \$200,000 each, for 10 associations between \$200,000 and \$300,000 each and for 4 associations over \$300,000.

The merchandise turnover per association varied from less than 2 times to 27.2 times for the year. Twenty associations turned their stock five or more times during the year.

Operating expenses for the 31 associations amounted to \$215,065, an average of \$6,937 per association. The percentages which operating expenses were of total sales varied from less than 2% to over 9%. In the case of 16 associations operating expenses were between 2% and 4%. Three associations had operating expenses of less than 2%, and for 12, operating expenses amounted to more than 4%.

Managers were paid salaries ranging from \$1200 to \$3600, two receiving the former salary and three the latter. Five managers were paid \$1500 each. In the case of more than one-half of the managers, the salaries were under \$2,000 a year.

Net income, in 1924, for 22 associations was \$82,651. These incomes varied from \$157 to \$10,600. Seventeen associations had net incomes of less than \$4,000 each and 6 had incomes in excess of \$4,000.

The operations of 9 associations resulted in losses for 1924 amounting to \$36,266. The smallest loss was \$22, the largest \$18,000, and the second largest, \$9,500. The losses of other associations were \$5,000, \$1,200, \$800, \$500, \$300 and \$42.

Averages have been worked out for the elevators in the four districts. These are given below for capital stock, fixed assets, working capital, surplus, and worth.

	: Chicago : 12 elevators	: Springfield : 13 elevators	: Galesburg : 9 elevators	: Effingham : 4 elevators
Capital Stock	: \$52,789	: \$ 15,469	: \$21,184	: \$24,500
Fixed Assets	: 21,714	: 18,230	: 20,417	: 19,430
Working Capital	: 11,972	: a/ 1,343	: 5,999	: 1,557
Surplus (or deficit)	: 1,290	: 1,108	: 2,534	: a/ 3,036
Net Worth	: 34,079	: 10,577	: 23,728	: 21,463

a/ Deficit.

It is stated by the manager of the auditing association that this study of elevator efficiency is to be continued and preliminary reports issued following audits at the close of each six-month period. It is expected that as a larger number of elevators are included in the study, somewhat different averages will be obtained.



THIRTEEN LIVESTOCK AGENCIES ARE FEDERATED

The thirteen member units of the National Livestock Producers' Association, Chicago, Ill., in 1924, sold 90,910 cars of livestock for \$119,970,874. These sales included stock received by steam railroad, electric railroad, by auto truck, and livestock driven to the markets.

It is pointed out by the management of the association that the thirteen markets in which the sales agencies are established receive nearly one-half of all the livestock marketed through terminal markets. Furthermore, the management states that these thirteen markets "may be justly classed as the price determining" markets.

In addition to the heavy sales, the units of the national association bought enough livestock for farmers wanting "feeders" to fill nearly 3,000 cars. These purchases amounted to \$2,758,176. Sales and purchases combined amounted to over \$122,700,000 for the year.

Figures indicating total number of cars handled, sales and purchases, operating expenses, the percentages which operating expenses were of total business, and average expense per car, are given below:

Association	Cars Handled <sup>a/</sup>	Purchases and Sales	Operating expenses Per cent: Amount of P. & S.	Per Car
Chicago Producers Comm. Assn., Chicago, Ill.	18,733	\$27,995,127	\$232,243	.83 : \$12.39
Producers Comm. Assn. E. St. Louis, Ill.	14,560	19,496,863	159,349	.82 : 10.94
Central Coop. Commission Assn., St. Paul, Minn. <sup>b/</sup>	14,204	17,045,635	140,253	.82 : 9.87
Producers Comm. Assn., Indianapolis, Ind.	12,782	16,864,563	129,203	.77 : 10.10
Producers Coop. Comm. Assn., Cleveland, Ohio.	5,823	7,693,662	53,634	.74 : <sup>c/</sup> 9.72
Producers Coop. Comm. Assn., Buffalo, N. Y.	4,955	10,019,529	76,007	.76 : <sup>c/</sup> 9.98
Producers Comm. Assn., Kansas City, Mo.	4,811	6,262,850	106,657	1.70 : 22.16
Cattle Raisers & Producers Comm. Assn., Ft. Worth, Tex.	4,294	3,603,220	44,887	1.25 : 10.45
Producers Coop. Comm. Assn., Pittsburgh, Pa.	2,723	4,358,424	48,974	1.01 : <sup>c/</sup> 12.33
Peoria Producers Comm. Assn., Peoria, Ill.	2,723	3,436,074	32,088	.93 : 11.73
Producers Comm. Assn., Sioux City, Ia. <sup>d/</sup>	2,354	3,299,243	40,747	1.24 : 17.31
Evansville Producers Comm. Assn., Evansville, Ind.	1,260	1,492,643	18,673	1.25 : 14.32
Producers Comm. Assn., Oklahoma City, Okla.	567	618,400	14,839	2.40 : 26.17

a/ Bought and sold.

b/ January to September, 9 months.

c/ Expense per deck.

d/ March to December, 9-1/2 months.

The Chicago Producers Commission Association leads the list of these selling agencies with total sales and purchases of nearly \$28,000,000. The operating expenses for the year were but .85 of one per cent of the total sales and purchases. The best showing on a percentage basis was that for the Cleveland association. In this case operating expenses were but .74 of one per cent of sales and purchases. Three associations have reported operating expenses which were under .8 of one per cent. In the case of seven associations, the operating expenses were less than one per cent. The expense per car for operation varied from \$9.87 to \$26.17. The best record was made by the association operating on the St. Paul market.

A total of \$1,526,165 was deducted by the sales agencies for the services rendered in handling business to the amount of \$122,000,000. Operating expenses were \$1,100,000 and earnings, which are available for patronage refunds were \$458,000. The amount of commission collected and the amount of earnings credited to each organization is given as follows:

Market	: Commissions	: Earnings <u>a/</u>
Chicago	: \$358,654	: \$126,411
E. St. Louis	: 237,030	: 77,681
Indianapolis	: 206,607	: 77,404
St. Paul <u>b/</u>	: 204,352	: 64,098
Buffalo	: 104,351	: 28,344
Kansas City, Mo.	: 91,837	: 14,820
Cleveland	: 88,412	: 31,727
Pittsburgh	: 61,015	: 12,041
Peoria	: 53,039	: 20,951
Ft. Worth	: 47,839	: 3,001
Sioux City <u>c/</u>	: 41,985	: 1,237
Evansville	: 19,687	: 1,008
Oklahoma City	: 11,307	: <u>d/</u> 3,532
Total	: 1,526,165	: 458,723

a/ Commissions less operating expenses. b/ January to September, 9 months. c/ March to December, 9-1/2 months. d/ Loss.

Nearly 25% of the livestock sold by these thirteen agencies came from Illinois, 17% from Indiana and 11% from Iowa, as is shown in the table below:

State	: Number of cars	: Per cent
Illinois	: 22,045	: 24.2
Indiana	: 15,620	: 17.2
Iowa	: 10,141	: 11.2
Minnesota	: 9,461	: 10.4
Ohio	: 8,567	: 9.4
Missouri	: 7,889	: 8.7
All others	: 17,137	: 18.9
Total	: 90,910	: 100.0

PACIFIC WOOL GROWERS GAINING IN MEMBERSHIP

An audit of the accounts of the Pacific Cooperative Wool Growers, Portland, Oreg., for the year ending December 31, 1924, shows that sales of wool aggregated \$1,378,747, and sales of mohair, \$63,799, making a total of \$1,442,547. Of this, the growers received \$1,433,471, or 99%. Total assets amounted to \$207,363, and the reserve fund contained the sum of \$27,397.

Up to June 4 the association had advanced to its members, who had wool stored in the Portland and San Francisco warehouses, a total of \$253,305. In addition, it had also advanced to growers in preshearing advances, \$69,000. The total membership on both old and new contracts on May 21 was 2,994. Of these, 290 were new members owning 250,000 sheep, making over 425,000 fleeces under contract, which is more than the association has ever received in a single year. Some of the new members are influential sheep men in the west and own large flocks. One grower in Idaho with 15,000 sheep and one in Nevada with more than 11,000 who have recently become members, have been appointed advisory directors for their respective states.

A number of grading demonstrations were conducted by the association in Nevada during April in cooperation with the county agent. Grading of typical range clips was done by a practical grader with 30 years of experience and the demonstrations were appreciated by members and non-members. As a result approximately 45,000 fleeces were signed up in the state. A meeting at Hooper, Washington, followed by a demonstration of wool grading, resulted in 14,000 fleeces being signed up.

An increase of nearly 65% over the business of last year is reported. The new warehouse at Portland, because of its large capacity and its convenient location, has resulted in more economical storage rates. The California warehouse is reported as running full blast with more than a million pounds of wool in storage and over 250,000 pounds graded.

A wool show, held at Davis, Calif., June 2 and 3, in connection with the annual ram sale of the California Wool Growers' Association, proved to be a feature of much interest and was considered a success from every standpoint. It was unanimously agreed that it should become an annual event, as it would be a step toward the production of better wools and, consequently, better prices.

In attendance at the ram sale and wool show, were sheepmen from every wool-growing section in California, with representatives from Oregon and Nevada. Five broad association meetings were held, also a meeting of the directors of the California Wool Growers' Association.

Seven hundred twenty-six rams were sold for a total of \$38,742, an average of \$53.36 per head. Of the total number sold, 435 were Hampshires, 115 were Rambouillets, 106 were Shropshires, with small numbers of other breeds. The highest priced Hampshire ram brought \$550, the highest price of any in the sale. Another Hampshire brought \$475, and a Shropshire ram sold for \$200.



### SEVEN YEARS OF COOPERATIVE WOOL MARKETING IN CANADA

Over 25,000,000 pounds of wool have been handled by the Canadian Cooperative Wool Growers, Limited, Toronto, Canada, during the seven years that it has been operating. The quantities handled annually have varied from 2,500,000 to 4,600,000 pounds. There has been realized from the sale of the yearly clips from about \$700,000 to \$1,000,000. Net expenses have varied from less than \$80,000 to over \$90,000.

The paid up capital stock in the company has increased from year to year until it is now over \$91,000.

In addition to the payments made to the wool growers in settlement for their shipments there have been patronage refunds, which during the seven years have amounted to over \$50,000.

The development of the association is indicated by the following figures:

Year :	Wool Handled :	Sales :	Expenses a/ :	Paid up
:	Pounds :Index:	:	:	Capital Stock
1918 :	4,456,443 : 100 :	----- :	----- :	-----
1919 :	3,800,303 : 85 :	----- :	----- :	-----
1920 :	4,647,138 : 104 :	----- :	----- :	-----
1921 :	3,943,923 : 88 :	\$977,335 :	\$90,825 :	\$75,571
1922 :	2,908,123 : 65 :	704,350 :	83,403 :	82,022
1923 :	2,343,365 : 64 :	844,562 :	85,969 :	88,652
1924 :	2,506,526 : 56 :	875,590 :	78,955 :	91,444

a/ Total expenses less a nominal profit on supplies handled--sacks, twine, etc.

This association acts as a sales agency for the wool growers local associations scattered from Prince Edward Island to British Columbia, also for individual wool growers who wish to have their clips handled in a cooperative manner. Both cooperative associations and individual growers ship their fleeces to seven central warehouses where the wool is graded and prepared for selling. Several of these warehouses are located in proximity to the mills with the thought of facilitating direct sales to these buyers.

In his report covering the activities connected with the handling of the 1924 clip the manager of the organization says: "The centralized grading system has definitely proven itself a success."

While the central organization operates without a formal contract, it does request those who expect to use its services to fill out and send in at the beginning of the marketing season a "wool sale application form" which serves to give the management advance information as to the quantity of wool it is likely to be called upon to handle.

An interesting method for obtaining temporary loans has been evolved. First mortgage bonds to the amount of \$100,000 have been issued against the property of the organization and are on deposit with a bank as security for such sums as may be borrowed during the period of active operations.



PROVISION OF COOPERATIVE ACT HELD UNCONSTITUTIONAL

The Supreme Court of Minnesota, on June 5, held that section 27 of the 1923 cooperative marketing act of that state, which forbade third parties to buy or handle products under contract to cooperative marketing associations, and which provided that cooperative associations could recover \$500 from those who did so, and authorized them to obtain an injunction against such persons and to recover attorney's fees from them, was unconstitutional.

The holding was made in an opinion disposing of the case of Minnesota Wheat Growers' Cooperative Marketing Association v. Radke, and that of Minnesota Wheat Growers' Cooperative Marketing Association v. Commander Elevator Company.

The section in question reads in part as follows:

Any dealer....or any person....who solicits, or persuades or permits any member of any association organized hereunder to breach this marketing contract with the association by accepting or receiving such member's product for sale, contrary to the terms of any marketing agreement of which such person or dealer....has knowledge or notice, shall be liable to the association aggrieved in a civil suit in the penal sum of \$500 for each such offense.

The association brought suit against Mr. Radke, who was engaged in the operation of an independent elevator, and obtained an injunction in the lower court restraining him from purchasing grain from members of the association.

The association also brought a suit against the Commander Elevator Company, similar to the one just referred to, with similar results in the lower court.

In each case the defendant appealed. The higher court condemned the section of the statute in question, apparently on the ground that it made it an actionable wrong for one who held out no inducement for a member of a cooperative marketing association to breach his contract with the association, or who used no effort to bring about the breach of the contract, other than being at his usual place of business to buy or handle products that the member might voluntarily bring there for sale or disposition. The court pointed out that it was established that a malicious interference by one not a party to a contract to induce its breach by a party thereto, is a wrong for which damages may be obtained by the injured party, but the court pointed out that the section of the statute in question went beyond this. In this connection the following quotation from the opinion is of interest:

Of course, it is well settled that a malicious interference by one not a party to a contract to induce its breach

is a tort for which redress may be had. *Canellos v. Zotalis*, 145 Minn. 292; *Bacon v. St. Paul Union Stockyards Co.*, 201 N. W. 326. But section 27 does not stop with those who maliciously interfere with existing contracts between third parties. It makes it an actionable wrong for one who has used no effort, or held out no inducement for a member of a cooperative marketing association to breach his contract with the association, except this, that he is ready at his usual place of business to buy or handle products that such member may voluntarily bring there for sale or disposal, the same as for an outsider. In other words, the section attempts to prevent all dealings between members of a cooperative marketing association and outsiders in respect to products contracted for by the association, no matter how free from legal malice or devoid of inducements the conduct of the outsiders may have been, provided they knew that the product was under contract.

It should be borne in mind that the court did not hold that a member of a cooperative marketing association in Minnesota was free to breach his contract with an association and sell his products to whomsoever he saw fit. In other words, if a member breached his contract with an association, or attempted to breach his contract, an association could proceed against him and recover damages from him and could restrain him from disposing of his products outside of the association.

In regard to the foregoing, the following quotation from the opinion is apropos:

Where parties voluntarily become members of an association operating under a statute fixing their rights and duties and providing remedies and penalties for breaches or violations, they may be held to have agreed to all the terms of the statute, and are not in a favorable position to complain of infringement of the liberty of contract or that the damages or penalties prescribed in the statute are too drastic. But no consent can be imputed to non-members. No contractual relation exists between them and the association or its members.

It is interesting to note that the Court of Appeals of Kentucky, on May 1, 1925, in the case of the Liberty Warehouse Company v. the Burley Tobacco Growers' Cooperative Association, sustained the section of the Bingham Cooperative Marketing Act of that state, similar to the one under discussion, thus holding it constitutional.

L. S. Gilbert.

WASHINGTON COURT RULES ON PROPERTY TRANSFER TO WIFE

The Supreme Court of Washington, on April 21, 1925, decided the case of the Inland Empire Dairy Producers' Association v. Melander and wife, 235 Pac. 12.

Some time prior to May 1, 1922, Mr. Melander entered into a contract with the association to sell all milk produced by or for him to the association. The contract became effective on May 1, 1922. On that date Mr. Melander executed a bill of sale to his wife, purporting to transfer title to the cows owned by him to her, and never delivered any milk to the association. Because of this fact, the association brought suit against Mr. and Mrs. Melander for an injunction to restrain them from disposing of milk outside of the association. Inasmuch as Mrs. Melander had never entered into a contract with the association, and inasmuch as the court found that her husband had transferred title to the cows to her, the case was decided against the association.

The following quotations from the opinion show the basis thereof:

At the time of entering into the contract and up to May 1, 1922, Mr. Melander and his wife were the owners as their community property of some 23 head of dairy cows constituting the stock of their dairy farm, which was being operated by them tributary to Spokane. On that day, Mr. Melander, with a view of withdrawing from the dairy business and not having any further responsibility with reference thereto or any interest therein, executed and delivered to his wife a bill of sale for all of their dairy cows, conveying absolute title therein to her as her separate property. The valuable consideration passing from her to him for this conveyance was the assumption by her as her separate debt of a balance of \$1,100 due upon a chattel mortgage upon the cows. To whatever extent the value of the cows exceeded this amount, the conveyance may be considered as a gift of the cows from him to her to become her separate property.

Thereafter Mr. Melander assumed his former employment as station agent for the Great Northern Railway Company....

The contention here made in behalf of the association is, in substance, that the sale and conveyance of the cows and the dairy business from Mr. Melander and the community to Mrs. Melander to become her separate property, was without consideration and not made in good faith.

Now whatever may be said touching the question of his good faith in thus withdrawing from the dairy business, we think his attitude in that behalf can be inquired into only to the extent of determining whether or not there was an actual transfer of title of the cows and the dairy business to Mrs. Melander, such as made the cows and the business her separate property and business.

We are quite unable to see how his motives for making the transfer of title, even though it be a pure gift on his part, can affect the question of the cows and the business becoming her separate property, after May 1, 1922.

On the same day that the Supreme Court of Washington decided the case discussed above, it decided the case of the Inland Empire Dairy Producers' Association v. Casberg and wife, 235 Pac. 13. The facts of this case were similar to those involved in the case referred to above.

The following quotation is taken from the opinion therein:

Just what was the consideration for the conveyance of the cows and the business by Mr. Casberg to his wife is not rendered certain, the conveyance reciting the "sum of \$1 and other valuable considerations." The conveyance in any even conveyed absolute title in the cows to Mrs. Casberg, even if it be viewed as a pure gift from him to her. Thereafter Mr. Casberg, who was in failing health, entered upon another vocation less strenuous as far as demands upon his physical energy were concerned.

In cases like the foregoing, the test for determining their validity is: Is the transfer one in fact or in form only?

L. S. Halbert.



A BULLETIN ON CREAMERY ORGANIZATION

"Economic Aspects of Creamery Organization," is the title of a technical bulletin issued recently by the Minnesota Agricultural Experiment Station, St. Paul, containing material likely to be of interest to managers and officers of cooperative creameries. Among subjects considered are, factors of efficiency, classification of costs, cost and quality of product, combination of grades of the cost elements, most economical size of business, and location of creamery.

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QUANTITIES OF SWEET CREAM SHIPPED TO EASTERN MARKETS

Six cars of sweet cream in 10-gallon cans are being shipped to Eastern markets each week by the Minnesota Cooperative Creameries Association, Inc., St. Paul, also four cars per week of frozen sweet cream. Contracts have been made for 200 cars. This new line of business is proving a satisfactory outlet for a part of the product of the association. Seventy-six car loads of butter per week are now being handled from the warehouses at Chicago, Duluth and St. Paul.

Arrangements have been made for a supply of refrigerator cars for the special use of the association. Fifteen new cars are to be marked with the Land O' Lakes trade-mark and used in carrying butter to the Eastern markets.

A new high record was made recently when the print room put up 56,040 pounds of butter in one day in pound, half-pound, and quarter-pound prints.

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CHEESE FEDERATION CONDUCTING QUALITY CONTESTS

Special efforts are being made by the Wisconsin Cheese Producers' Federation, Plymouth, Wis. to produce quality cheese, and as a stimulus, the federation is conducting quality contests. Reports of the contest for the month of April showed that in 25 of the member factories every cheese produced during that month was a fancy cheese, while ten other factories graded above 90 per cent.

Under the conditions of the contest a special prize was to be given only to one man in a district for the month, but the executive committee voted to give a prize to each cheesemaker who scored 100 per cent for the month, and about thirty special prizes were awarded for April. One man's almost perfect record, of every cheese a fancy cheese, was spoiled by the carelessness of one patron who delivered milk that was not up to grade.

In addition to the monthly prizes, there are yearly prizes offered for the high-score man in each district, also gold medals.

The Pine Island branch had the highest number of perfect scores for April, eleven cheesemakers attaining this record; Plymouth had ten, and Green Bay had two. Others had one each.

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